

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 400 - HB 1215

March 27, 2011

SUMMARY OF BILL: Requires, for purposes of eminent domain appraisals, the determination of the highest and best use of property to consider the legal permissibility, physical possibility, financial feasibility, and maximum productive use of such property. Prohibits more than 20 percent of any property condemned and taken through eminent domain from being leased to private companies. Prohibits the transfer of condemned property that has not been used after five years for its condemned purpose to another nonpublic or quasi-public entity unless the owner from whom the property was taken, or the owner's heirs, have a right of first refusal. Specifies that the owner or the owner's heirs may purchase the property for the same compensation paid for the property at the time of condemnation.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- According to the *Appraisal of Real Estate*, 12th Edition, it is standard appraisal practice, when considering the highest and best use of a property, to consider the legal permissibility, physical possibility, financial feasibility, and maximum productive use of such property. Due to the fact that a property's highest and best use is currently factored into each appraisal, generally specifying what constitutes a property's highest and best use will not significantly affect the value of appraised properties.
- The impact to prohibiting more than twenty percent of any condemned property to be leased to a private company is unknown but is estimated to be not significant.
- Estimating the number of properties to be repurchased by the original property owner is unknown and cannot reasonably be determined due to a number of unknown variables, including the precise number of eminent domain condemnations, compensation paid for condemned property, the number of properties not used for the condemned purpose, and the number of property owners interested in or capable of repurchasing such property. However, estimate assumes there will not be a significant number of these occasions.
- Requiring state and local governments to offer condemned property for sale to property owners from whom the property was originally taken and at the price originally paid by the condemning entity will result in a not significant increase to local forgone revenue.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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